

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JUN 21 12 22 PM '94

REED & DAVIDSON

ATTORNEYS AT LAW

777 SOUTH FIGUEROA STREET

SUITE 3400

LOS ANGELES, CALIFORNIA 90017

TELEPHONE (213) 624-6200

FACSIMILE (213) 623-1692

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

JUN 24 3 28 PM '94

GRAND COUNTY OFFICE

3151 AIRWAY AVENUE, SUITE M-1

COSTA MESA, CALIFORNIA 92626

TELEPHONE (714) 441-1688

FACSIMILE (714) 546-1003

DANA W. REED
CARY DAVIDSON
OF COUNSEL
DARRYL R. WOLD
BRADLEY W. HERTZ

June 20, 1994

Office of the General Counsel
Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20463

AOR 1994-23

RECEIVED
FEDERAL ELECTION
COMMISSION
ADMINISTRATIVE DIVISION
JUN 21 9 49 AM '94

Re: Request for Advisory Opinion

Dear Federal Election Commission:

On behalf of our client the Northrop Grumman Corporation ("Northrop Grumman") and pursuant to 2 U.S.C. Section 437f and 11 CFR Part 112, we request a Federal Election Commission advisory opinion on the application of the Federal Election Campaign Act of 1971, as amended, and Commission regulations to a proposed consolidation of payroll deduction operations of two affiliated, but still separate, separate segregated funds (SSFs).

Specifically, must employees of a new corporation (which was formed from the merger of two prior corporations) execute new authorizations in order for their SSF payroll deductions to be consolidated into the new corporation's SSF?

The factual background is as follows. The Northrop and Grumman Corporations recently merged, creating Northrop Grumman. As separate corporations, Northrop and Grumman had their own SSFs. Presently, Northrop Grumman is maintaining both SSFs separately, but it wishes to consolidate them into a new SSF, the Employees of Northrop Grumman PAC ("ENGPAC").

The Northrop SSF and the Grumman SSF intend to send letters to their members informing them of the formation of ENGPAC, and notifying them that their contributions which had formerly funded the Northrop SSF and the Grumman SSF will now fund ENGPAC, unless the employee terminates his or her participation via an enclosed form.

The operative language of the proposed letter (a copy of which is attached) reads "Please fill out the enclosed form if you wish to change your contribution or if you wish to terminate your participation. Otherwise, your participation will transfer automatically and your deduction will go directly through to the new PAC."

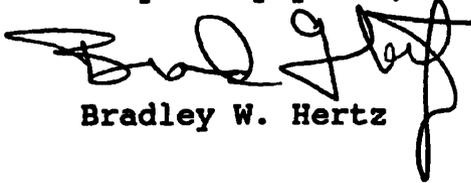
Office of the General Counsel
Federal Election Commission
June 20, 1994
Page 2

The letters, which will be sent in advance of the actual transfers of the deductions, will, of course, contain all appropriate notices pursuant to 2 U.S.C. Section 441b(b)(3)(B) and (C) and 11 CFR Section 114.5(a)(1)-(5), including disclosing the political purposes of the fund (2 U.S.C. Section 441b(b)(3)(B) and 11 CFR Section 114.5(a)(3)) and the right to refuse to contribute without any reprisal (2 U.S.C. Section 441b(b)(3)(C) and 11 CFR Section 114.5(a)(4)). Further, the solicitation will stress the voluntary nature of an employee's participation in the PAC and the continuing right to revoke the authorization without reprisal and will disclose the merger of the two SSFs.

The facts in this case closely resemble those discussed in AO 1991-19. There, GTE and CONTEL had merged and desired to merge their SSFs. The FEC stated that CONTEL employees were not required to execute new authorizations, so long as certain conditions and the voluntariness requirement were met. It would seem, therefore, that so long as the requirements set forth above are met and the employees are given the option to revoke their authorization, a new authorization is not required.

We look forward to your response to our request. If we may provide additional information, please contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bradley W. Hertz", written over a horizontal line.

Bradley W. Hertz

cc: Northrop Grumman Corporation

REED & DAVIDSON

ATTORNEYS AT LAW

777 SOUTH FIGUEROA STREET

SUITE 3400

LOS ANGELES, CALIFORNIA 90017

TELEPHONE (213) 624-6200

FACSIMILE (213) 623-1692

DANA W. REED
CARY DAVIDSON
OF COUNSEL
DARRYL B. WOLD
BRADLEY W. HERTZ

ORANGE COUNTY OFFICE
3751 AIRWAY AVENUE, SUITE 41
COSTA MESA, CALIFORNIA 92626
TELEPHONE (714) 641-1692
FACSIMILE (714) 641-1692

JUN 22 5 19 PM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

IMPORTANT FACSIMILE TRANSMISSION

DATE: 6/22/94 TIME: 11:50 a.m. PST
TO: Brad Litchfield FAX #: (202) 219-3923
FROM: Brad Hertz FAX #: (213) 623-1692
CLIENT: Northrop Grumman

NUMBER OF PAGES INCLUDING THIS PAGE 2

COMMENTS: Per our conversation, attached is the letter that
Northrop Grumman plans to send regarding the merger
of its SSFs. This letter was inadvertently omitted
from my June 20, 1994 letter requesting an FEC Advisory
Opinion. Thank you.

THIS COMMUNICATION IS INTENDED FOR THE USE OF THE PERSON TO WHOM IT IS ADDRESSED. IT MAY CONTAIN INFORMATION THAT IS PRIVILEGED OR CONFIDENTIAL. ANY UNAUTHORIZED DISCLOSURE, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED.

IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE AND RETURN THE ORIGINAL TO THE SENDER AT THE ABOVE ADDRESS BY MAIL. YOUR ASSISTANCE IN MAINTAINING THE INTEGRITY OF FAX TRANSMISSION SERVICE IS APPRECIATED.

Please notify us immediately if this material was not received properly by calling: (213) 624-6200.

Grumman Political Action Committee

111 Stewart Avenue
Fairfield, Conn. 06424-1680

Dear Grumman PAC Member:

Thank you for your strong support. Your participation has been vital to the continued Congressional support for the E-2C and JSTARS and other critical programs.

Like Grumman Corporation, Northrop has had a political action committee for many years. Both committees continue to use voluntary payroll deductions to facilitate contributions.

Currently, the newly formed Northrop Grumman Corporation is maintaining both political action committees as affiliated committees. However, we are planning to combine our strength into one committee which will allow the Corporation to more effectively utilize our resources.

As plans go forward to establish an Employees of Northrop Grumman Political Action Committee (ENGPAC), it will be necessary, for technical reasons, to terminate the Grumman PAC and transfer its activities and funds to the new ENGPAC. We sincerely hope that you will recognize the benefits of your membership and continue to participate in the newly combined organization.

As in the past, you do have the option to revoke your authorization for payroll deduction without reprisal. Please fill out the enclosed form if you wish to change your contribution or if you wish to terminate your participation. Otherwise, your participation will transfer automatically and your deduction will go directly through to the new PAC. Of course, your decision to participate is completely voluntary and will be maintained on a confidential basis for the Northrop Grumman PAC by an outside Treasurer.

You should also be aware that PAC funds will be used primarily to support Federal candidates and/or committees. However, state contributions will continue principally through a company funded civic action committee.

It is our sincere hope you will continue your participation and join in our collective efforts to directly impact our elected officials in the democratic process. Once again, thank you for supporting a vital program which benefits the future for all Northrop Grumman employees.

**J. R. Petrusa, Chairman
Political Action Committee
Grumman Corporation**

**Charles L. Jones, Jr., Chairman
Northrop Employees Political
Action Committee (NEPAC)**

REED & DAVIDSON

ATTORNEYS AT LAW

777 SOUTH FIGUEROA STREET

SUITE 3400

LOS ANGELES, CALIFORNIA 90017

TELEPHONE (213) 624-8200

FACSIMILE (213) 624-6000

DANA W. REED
CARY DAVIDSON

OF COUNSEL
BARRY A. WOLD
BRADLEY W. HERTZ

ORANGE COUNTY OFFICE
3151 AIRWAY AVENUE, SUITE 207
COSTA MESA, CALIFORNIA 92626
TELEPHONE (714) 941-9888
FACSIMILE (714) 941-4665

I M P O R T A N T F A C S I M I L E T R A N S M I S S I O N

JUN 23 2 20 PM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

DATE: 6/23/94 TIME: 10:45 a.m. PST

TO: Brad Litchfield (FEC) FAX #: (202) 219-3923

FROM: Brad Hertz FAX #: (213) 624-1692

CLIENT: Northrop Grumman

NUMBER OF PAGES INCLUDING THIS PAGE 2

COMMENTS: Per your request, attached is the authorization form
that Northrop Grumman plans to send to its qualified
employees with the letter which I have already provided.
Thank you for your assistance in this matter.

THIS COMMUNICATION IS INTENDED FOR THE USE OF THE PERSON TO WHOM IT IS ADDRESSED. IT MAY CONTAIN INFORMATION THAT IS PRIVILEGED OR CONFIDENTIAL. ANY UNAUTHORIZED DISCLOSURE, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED.

IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE AND RETURN THE ORIGINAL TO THE SENDER AT THE ABOVE ADDRESS BY MAIL. YOUR ASSISTANCE IN MAINTAINING THE INTEGRITY OF FAX TRANSMISSION SERVICE IS APPRECIATED.

Please notify us immediately if this material was not received properly by calling: (213) 624-6200.

